

RECORDATION NO. 21458-C FILED

AUG 18 '03 1-37 PM

SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

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OF COUNSEL  
URBAN A. LESTER

August 18, 2003

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Assignment of Master Railcar Leasing Agreement and Rents, dated as of July 2, 2003, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Security Agreement previously filed with the Board under Recordation Number 21458-B.

The names and addresses of the parties to the enclosed document are:

Assignor/  
Debtor: Pivotal Enterprises Corporation  
400, 900 - 6<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P3K2  
Canada

Assignee/  
Secured Party: National Bank of Canada  
1000, 407 - 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 1E5  
Canada

Mr. Vernon A. Williams  
August 18, 2003  
Page Two

A description of the railroad equipment covered by the enclosed document is:

Fifty seven (57) tank railcars bearing PIVX reporting marks and road numbers 32800-32826, 32828, 32829, 32900-32916, 32918-32922 and 32924-32929.

A short summary of the document to appear in the index follows:

Assignment of Master Railcar Leasing Agreement and Rents

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/anr  
Enclosures

**ASSIGNMENT OF MASTER RAILCAR LEASING AGREEMENT AND RENTS**

REGISTRATION NO. 21458-C FILED

THIS ASSIGNMENT is made the 2 day of July 2003.

AUG 18 '03 1-37 PM

BY:

SURFACE TRANSPORTATION BOARD

**PIVOTAL ENTERPRISES CORPORATION**, a body corporate having an office in Calgary, Alberta  
(hereinafter referred to as "**Pivotal**")

**IN FAVOUR OF:**

**NATIONAL BANK OF CANADA**, a Canadian Chartered Bank having a branch office in Calgary, Alberta (hereinafter referred to as the "**Lender**")

**WHEREAS** Pivotal has agreed, as part of the security for the repayment of that certain loan in the principal amount of

or any portion thereof which may be advanced by the Lender to Pivotal and interest thereon (hereinafter referred to as the "Loan"), to grant unto the Lender an assignment of that certain lease and all rents due or accruing due from such lease (hereinafter referred to as the "Lease"), the Lease having been granted with respect to Fifty-Seven (57) LPG tank cars, as set forth in Schedule "A" attached hereto;

**AND WHEREAS** it is a condition precedent to the advance by the Lender to Pivotal of the whole or any portion of the proceeds of the Loan, that Pivotal assign the Lease unto the Lender;

1. **NOW THEREFORE** in consideration of the premises and the sum of ONE DOLLAR (\$1.00) now paid by the Lender to Pivotal (the receipt whereof Pivotal hereby acknowledges), and of the Lender advancing the whole or any part of the Loan, Pivotal does hereby irrevocably assign, grant, transfer and set over unto the Lender the Lease and all Pivotal's right, title, estate and interest in and to the Lease, together with any amendments, extensions and renewals thereof and any guarantees of the obligations of the lessee thereunder and the rents payable thereunder and all benefits and advantages to be derived therefrom, and together also with the full benefit of all powers and of all covenants and provisos contained in the Lease to hold the same unto the Lender, its successors and assigns according to the nature and tenor thereof, subject nevertheless to the proviso for reassignment next hereinafter mentioned; and Pivotal, for the purposes aforesaid, does hereby nominate, constitute and appoint the Lender its attorney, with full power and authority either in the Lender's name or in the name of Pivotal, its successors and assigns, to enforce the covenants, provisos and conditions set forth in the Lease; provided always that if the Loan is repaid in full to the Lender, then the Lender shall, at the request and the cost of Pivotal, reassign the Lease to Pivotal or as Pivotal shall direct.

2. For the consideration aforesaid Pivotal hereby covenants and agrees with the Lender as follows:

- (a) that the Lease is valid, subsisting and in good standing, and that no rentals thereunder have been collected or paid in advance of due date and that there has been no modification, change or extension of the Lease except in writing as fully disclosed to the Lender;

- (b) that Pivotal is absolutely and solely entitled to all rents, profits and lessor's rights and privileges under the Lease, and has made no assignment thereof other than by these presents;
- (c) that Pivotal shall not, without the prior consent in writing of the Lender, any time hereafter demand or accept payment of rent under the Lease more than one (1) calendar month in advance;
- (d) that without the prior consent in writing of the Lender, Pivotal shall not permit or suffer any modification, surrender, termination, cancellation, or amendment of the Lease or any provision thereof, or any assignment, transfer, mortgage or charge of the lessee's interest thereunder; and
- (e) that any default by Pivotal in the performance of any agreement or proviso herein contained shall constitute and be deemed to be a default under the Offer of Finance dated the 28th day of May 2003 between Pivotal and the Lender (hereinafter referred to as the "Loan Agreement") entitling the Lender to all rights and remedies therein contained.

3. Pivotal understands and acknowledges that these presents are and are intended to be an absolute, present and unconditional assignment (subject nevertheless to the proviso for reassignment as hereinbefore provided) and that the Lender may as soon after the execution of these presents as is practicable, serve on the lessee under the Lease, a notice with regard to this assignment and the disposition of future rents under the Lease, and that this assignment is and shall constitute a security for the repayment of the Loan. For the consideration aforesaid and in further consideration of the Lender directing the lessee under the Lease to continue to pay to Pivotal, as agent for the Lender, until a breach on the part of Pivotal shall occur (whether under these presents or the Loan Agreement or of any of Pivotal's obligations to the Lender under any other security however constituted), the rentals and other monies due under the Lease, Pivotal hereby covenants and agrees with the Lender:

- (a) that upon the Lender in its unfettered discretion being of the opinion that a breach as aforesaid has occurred (and any remedial period for the curing of such a breach has lapsed) and thereafter serving on the lessee under the Lease, notice in writing requiring such lessee to thereafter pay the rents and other monies due under the Lease to the Lender, Pivotal shall cause payment to the Lender of the rentals and other monies, and the lessee shall not be obliged to inquire as to the Lender's right thereto, and Pivotal hereby acknowledges that any and all payments which may be effected by the lessee pursuant to any such notice, shall to the extent of any such payment, operate as a discharge to the lessee of and in respect of rent or other monies due and payable under the Lease;
- (b) that the Lender shall not, by reason of these presents or otherwise, be responsible for the collection of the rents or other sums payable under the Lease or renewals thereof or leases in substitution for the Lease, or for the non-performance of the covenants and provisos contained in the Lease, but that the Lender shall be accountable only for monies actually received; and
- (c) that the Lender shall not by virtue of the execution of these presents, be deemed a mortgagee in possession, and neither the taking of this assignment by the Lender nor

anything done in pursuance hereof shall make the Lender liable in any way as lessor or otherwise for the performance of any covenants, obligations, or liabilities under the Lease.


4. All rights and powers of the Lender shall enure to its benefit and that of its successors and assigns, and all agreements herein shall bind Pivotal, its successors and assigns.

5. Wherever the singular number or the masculine gender is used in this Assignment the same shall be construed as including the plural and feminine and neuter respectively where the fact or context so requires; and in any case where this Assignment is executed by more than one party, all covenants and agreements herein contained shall be construed and taken as against such executing parties as joint and several; and the heirs, executors, administrators, successors and assigns of any party executing this Assignment shall be jointly and severally bound by the covenants, agreements, stipulations and provisos herein stated which shall be in addition to those granted or implied by statute.

6. This Assignment shall be governed by the laws of the Province of Alberta.

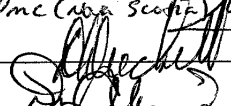
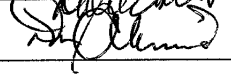
**IN WITNESS WHEREOF** Pivotal has executed this Assignment under seal by its duly authorized officers in that regard as of the day and year first above written.

**PIVOTAL ENTERPRISES CORPORATION**

Per:   
Name: John Yandel  
Title: President

**Acknowledgement of and Consent to the provisions hereof hereby  
acknowledged this 8 day of July, 2003**

*On behalf of* **PLAINS MARKETING CANADA, L.P.**  
*by its general partner, Pmc Canada Services Company*

Per:   
Per: 

**AFFIDAVIT VERIFYING  
CORPORATE SIGNING AUTHORITY**

CANADA  
PROVINCE OF ALBERTA  
TO WIT:

I, John Yandel,  
of the City of Calgary, in the Province of Alberta,  
**MAKE OATH AND SAY:**

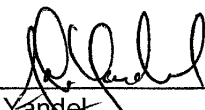
1. I am an officer or a director of PIVOTAL ENTERPRISES CORPORATION (the "Corporation") named in the within or annexed instrument.
2. I am authorized by the Corporation to execute the instrument without affixing a corporate seal.

\_\_\_\_\_  
SWORN BEFORE ME at the City of  
Calgary, in the Province of Alberta, this 14  
day of July, 2003.



A Commissioner for Oaths in and for the  
Province of Alberta

**ROBERT M. BOYER**  
BARRISTER & SOLICITOR

\_\_\_\_\_  
  
John Yandel

*[Signature]*  
**SCHEDULE "A" TO ASSIGNMENT OF MASTER RAILCAR LEASING AGREEMENT AS  
AMENDED THE 2 DAY OF ~~JUNE~~ 2003 BETWEEN PIVOTAL ENTERPRISES  
CORPORATION AND NATIONAL BANK OF CANADA**

*[Signature]* *[Signature]* *[Signature]* *[Signature]* *[Signature]* *[Signature]* *[Signature]*  
*Canpet* *25th* *MAY* *JULY* *1998*

Master Railcar Leasing Agreement dated the 2 day of ~~June~~ 2003 between Pivotal Enterprises Corporation, as lessor, and ~~CAI~~ *Canpet* Energy Group Inc., as lessee, made with respect to Fifty-Seven (57) DOT 105J300V 100 ton roller bearings; 33,600 U.S. gallon capacity pressure railroad tank cars manufactured in 1977 bearing ULMER registration marks PIVX 32800-32826, 32828, 32829, 32900-32916, 32918-32922 and 32924-32929 as amended by Amending Agreement dated May 28, 2001 and Letter Agreement dated June 6, 2001 among Canpet Energy Group Inc., Plains Marketing Canada L.P., Pivotal Enterprises Corporation and First Treasury Financial Inc.

**Master Railcar Leasing Agreement  
Amending Agreement**

May 28, 2001

Between:

**Pivotal Enterprises Corporation  
("Pivotal" or "Lessor")**

and

**CANPET Energy Group Inc.  
("CANPET" or "Lessee")**

Whereas Pivotal, as Lessor, and CANPET, as Lessee entered into and are the current parties to that Master Railcar Leasing Agreement dated May 25, 1998, effective June 1, 1998, pertaining to various pressure railcars ("Leasing Agreement");

Whereas the parties wish to amend the Leasing Agreement to make it a full service lease (except in relation to the service of cleaning);

Now therefore in consideration of the premises hereto and of the covenants herein set forth and provided for, the parties hereto respectively covenant and agree as follows:

**ARTICLE 1  
Interpretation**

- 1.1 In this Agreement, except where the contrary is shown, the words and phrases which are defined terms in the Leasing Agreement shall have the meanings ascribed to them in the Leasing Agreement.

**ARTICLE 2  
Amendment**

- 2.1 The parties agree that the Leasing Agreement is amended by deleting Clause 7 in its entirety and replacing it with the following:

7(a). Full Service Lease. The Agreement is a full service lease in which the Lessor provides full service to the Lessee, including service in relation to repairs and maintenance (including repairs and maintenance made necessary by ordinary wear and tear and repairs to or replacement of valves, linings, gauge rods and dome lids), except that cleaning costs are to borne by the Lessee.

(b) Repairs. Except as otherwise provided in this Agreement, Lessor shall be responsible for repairing and maintaining the cars only in accordance with regulations in effect from time to time of the A.A.R., its successor and any Canadian federal government authority having jurisdiction applicable to the cars. Lessor shall have no such responsibility until informed of the need for such repairs or maintenance to any car by notice in writing from Lessee or from any governmental authority or railway industry authority, including any railway company, having jurisdiction in Canada or elsewhere applicable to the cars.

JUN 12 2003 04:13PM P2

FRX NO. : 403 2418616

FROM : LANTRIN INVESTMENTS

403 264 9600 P. 02/07

SPIER HARBEN

JUN-12-2003 16:13



- 2 -

If a car requires any repairs or maintenance, Lessee shall so notify Lessor promptly and shall deliver such car empty or as may be otherwise reasonably required by Lessor from time to time to an appropriate repair shop designated by Lessor. Lessor shall have a reasonable period of time following delivery of such car to such repair shop to effect the required repairs or maintenance. If any car becomes unfit for service and requires repairs, other than repairs made by railroads, unless otherwise specified in any specific Rider attached hereto, rental charges will cease five (5) days after receipt of such car at a shop designated by Lessor, provided that Lessee has notified Lessor prior to the time the car is routed to shop. In the event Lessee fails to so notify Lessor, rental charges shall cease five (5) days after receipt by Lessor of notification of the arrival of the car at a shop designated by Lessor. In all cases, after a car has been repaired, rental charges will resume on the date the car is available for forwarding to Lessee.

Except as otherwise provided in this Agreement, Lessee shall not repair or maintain any car without obtaining the prior written consent of Lessor, which consent may be arbitrarily withheld. In the event that Lessor and Lessee agree that such consent shall be granted subject to the condition that Lessee performs such repairs or maintenance to any car at the sole risk of Lessee and for such repairs or maintenance which are Lessor's responsibility under this Agreement, for agreed upon maximum charges to the account of Lessor.

(c) Cleaning Except as otherwise provided in this Agreement, Lessee shall be responsible, at its own risk and expense, for any cleaning of any car, whether performed by Lessee or otherwise, as may be required for the proper shipment of commodities in such car.

### ARTICLE 3 Miscellaneous

- 3.1 Except as herein set forth the parties hereto ratify and confirm the terms and conditions set forth in the Leasing Agreement.
- 3.2 This Amending Agreement shall be binding upon the parties hereto and their respective successor and assigns.

In witness whereof the parties hereto have executed this Agreement as of the day and year first above written.

Pivotal Enterprises Corporation

Per: *[Signature]*

Per: \_\_\_\_\_

CANPET Energy Group Inc.

Per: *[Signature]*

Per: \_\_\_\_\_

Jun. 12 2003 04:14PM P3

FAX NO.: 403 2418616

FROM: LANTERN INVESTMENTS

403 264 9600 P. 03/07

SPIER HARBEN

JUN-12-2003 16:13

## MASTER RAILCAR LEASING AGREEMENT

This Lease Agreement dated as of the 25th day of May, 1998 (the "Agreement"), with an effective date of June 1, 1998, by and between PIVOTAL ENTERPRISES CORPORATION ("Pivotal") an Alberta corporation ("Lessor"), and CANPET ENERGY GROUP INC. ("Canpet") an Alberta corporation ("Lessee").

### WITNESSETH:

1. (a) Lease. Lessor agrees to furnish and lease to Lessee, and Lessee agrees to accept and use upon the terms and conditions herein set forth, the cars covered by the riders attached hereto as schedule A and such additional riders as may be added hereto from time to time by agreement of the parties, and any and all other cars delivered to and accepted by Lessee. Each such rider shall set forth the number of cars, the rental rate, term of use, car numbers, and other pertinent information that may be desired by both parties. All cars leased pursuant to such riders, or otherwise delivered to and accepted by Lessee, are subject to the terms of this Agreement.

(b) Lease Term. Lessee agrees to lease all of the cars listed on the attached schedule for a period of ten years from the date of delivery at a fixed price of \$1,000.50 per month per car, payable in advance each month. Lessee is responsible to Lessor for the term of this lease (10 years). Should the Lessee decide not to keep the cars to the end of the lease period, the Lessee shall pay in full all of the lease payments for the balance of the lease term within 15 days of such action.

The Lessee agrees to lease the said cars for an additional five years (after the expiry of the initial 10 year lease term) at a market price. The market price to be determined by the Lessor by obtaining two competitive market quotes.

The market price for additional lease term of five years must be decided by the Lessor and the Lessee six months before the expiry of the initial lease term. Should both parties be unable to agree to the market price, at that time, the Lessor offer for the market price must prevail and Lessee agrees to such market price as provided by the Lessor.

2. Delivery. Lessor agrees to deliver the cars to Lessee at such point or points as may be agreed to by the parties. Lessor's obligation as to such delivery shall be excused during the pendency of delays resulting from causes beyond its control.

Lessee agrees to use the cars exclusively in its own service, except as hereinafter provided, and none of the cars shall be shipped beyond the boundaries of Canada or the United States except with the prior written consent of Lessor.

3. Rent. Lessee agrees to pay the rental charges with respect to each of the cars from the date of delivery thereof and until such car is returned to and accepted by Lessor, as agreed in Clause 1(b). Each monthly rental charge shall be paid in advance on the first day of the month, prorating, however, any period which is less than a full month on the basis of a month of thirty (30) days. Lessee acknowledges and agrees that the obligation of Lessee to make payments hereunder shall be absolute and unconditional under any and all circumstances, regardless of any right of abatement, recoupment, setoff, counterclaim, defense, suspension, deferment, diminution, reduction or any other right of Lessee or the lack of any conflicting notice from Lessor, provided however, nothing herein contained shall limit Lessee's right to otherwise claim damages from Lessor. Such rental charges shall be paid to Lessor at the address set forth in the riders to this Agreement.

4. Acceptance. Each of the cars shall be subject to Lessee's inspection upon delivery to Lessee. Failure to report any defect in the car within a reasonable time after delivery of the car or the loading of each such car by Lessee or at its direction shall constitute acceptance thereof by Lessee and shall be conclusive evidence of the fit and suitable condition thereof for the purpose of transporting the commodities then and thereafter loaded therein or thereon. Lessee herewith agrees that it has inspected all of the cars listed on the attached rider and found them to be in satisfactory condition.

5. Records. Lessor agrees to keep records pertaining to the movement of the cars, and Lessee agrees to promptly furnish Lessor with complete reports of the car movements, including dates received, loaded and shipped, commodity, destination and full junction routing, and all information which Lessee may receive from railroad companies or other sources which may be of use to Lessor. Lessor shall collect the mileage earned by the cars, and, subject to all rules of the tariffs of the railroads, Lessor shall credit to Lessee's rental account such mileage as and when received from the railroads.

6. Mileage. Lessee agrees to reimburse Lessor for any payment Lessor may be required to make to any railroad, due to mileage equalization where applicable, resulting from excess empty mileage incurred by the cars on such railroad. For the purpose of this paragraph, the railroad mileage and junction reports shall be prima facie evidence of the facts reported therein. In addition, if Lessor is required to make any payments to a railroad resulting from the empty movement of any of the cars while they are in Lessee's service, Lessee agrees to reimburse Lessor for such payments.

7. Loss or Damage. Lessee shall promptly notify Lessor upon receipt by Lessee of knowledge of any damage to any of the cars. Lessee shall, at its expense, perform, arrange, and pay for all maintenance and repairs made necessary by ordinary wear and tear, or otherwise necessary to keep the cars in good condition and repair under the Interchange Rules. Lessee shall not repair, or authorize the repair of, any of the cars without Lessor's prior written consent, except that running repairs (as specified in the Association of American Railroads rules for Interchange and the National Transportation Agency regulations) may be performed without prior written consent. The amount Lessee will pay for such running repairs shall not be in excess of the rate, in effect at the time the repair is made, as provided by the Association of American Railroads. If any car becomes

unfit for service and requires repairs, other than repairs made by railroads, unless otherwise specified in any specific Rider attached hereto, rental charges will cease five (5) days after receipt of such car at a shop authorized by Lessor, provided that Lessee has notified Lessor prior to the time the car is routed to shop. In the event Lessee fails to so notify Lessor, rental charges shall cease five days after receipt by Lessor of notification of the arrival of the car at a shop authorized by Lessor. In all cases, after a car has been repaired, rental charges will resume on the date the car is available for forwarding to Lessee. It is understood that no rental credits will be issued for cars in a shop for repairs which are Lessee's responsibility.

8. Removal from Service. In the event the physical condition of any car shall become such that the car cannot be operated in railroad service as determined by Lessor and Lessor elects to permanently remove such car from Lessee's service, the rental with respect to such car shall terminate upon the removal of such car. Lessor shall have the right, but shall not be obligated, to substitute for any such car another car of the same type and capacity and the rental in respect to such substituted car shall commence upon delivery of such substituted car to Lessee.

9. Lessee Responsibility. Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from the loss or destruction of, or damage to, the cars or any parts thereof, during the term; provided, however, Lessee shall not be responsible to the extent the then-prevailing Interchange Rules place responsibility upon a railroad subscribing to the Interchange Rules; and provided, further, that Lessee shall not be responsible if such loss, destruction, or damage to the cars or parts thereof was caused by the sole active negligence or willful misconduct of Lessor. Notwithstanding anything contained herein to the contrary, Lessee shall be responsible for and shall indemnify Lessor and hold Lessor harmless and does hereby release Lessor from the loss or destruction of, or damage to, a car or any part thereof during the term of this Agreement which shall (i) be occasioned by the misuse or negligence of Lessee, its consignee, agent or sublessee, (ii) occur while such car is on the tracks of Lessee or any private siding or track, or at the loading or unloading facility of Lessee or its consignee, agent or sublessee, or on the track of any railroad that does not subscribe to the Interchange Rules or any private or industrial railroad or (iii) be caused by any commodity which may be transported or stored in or on such car.

Lessee shall notify Lessor of the loss or destruction of any of the cars within two (2) days of the date of such event. The amount of loss resulting from the loss or destruction of a car shall be measured by its replacement value as determined immediately prior to the time of such loss or destruction. The "replacement value" shall equal the amount payable by a railroad subscribing to the Interchange Rules for the car if the car had been in the service of such railroad.

Lessee shall maintain full insurance coverage for total replacement value of the cars as per rider attached for accidental damage and loss.

10. Loss or Damage to Lading. Lessor shall not be liable for any loss of or damage to commodities, or any part thereof, loaded or shipped in or on the cars, and Lessee agrees to assume financial responsibility for, to indemnify Lessor against, and to save it harmless from any such loss or damage, unless caused by the sole negligence of Lessor.

11. Appliances. Lessee, at its own expense, shall either replace or reimburse Lessor for the cost of replacing any appliance or removable part, if destroyed, damaged, lost, removed or stolen, unless the railroads transporting the cars have assumed full responsibility for such loss or damage, or unless such loss or damage results from the negligence or omission of Lessor, its agents or employees.

12. Linings. Lessee shall be responsible for the maintenance and replacement of interior lining during the term of this agreement; and at Lessor's sole option, Lessee shall either repair, replace or remove such lining at Lessee's expense at the termination of this agreement.

13. Claims. Lessee agrees to indemnify and hold Lessor harmless from and against any loss, liability, claim, damage or expense (including, unless Lessee assumes the defense, the reasonable cost of investigating and defending against any claim for damages) arising out of or in connection with the use of the cars during the term of this Agreement, excepting, however, any loss, liability, claim, damage, or expense which accrues with respect to any of the cars (i) while such car is in a repair shop undergoing repairs; (ii) which is attributable to the sole active negligence or willful misconduct of Lessor, its agents or employees; or (iii) for which a railroad or railroads have assumed full responsibility, including investigating and defending against any claim for damages.

14. Marks. Other than the restoration of Lessor's marks on the cars, no lettering or marking of any kind shall be placed upon any of the cars by Lessee except with the prior written consent of Lessor.

15. Load Limits. Lessee agrees not to load any of the cars in excess of the load limit stenciled thereon.

16. Charges. Lessee shall be liable for any demurrage, track storage or detention charge imposed in connection with any of the cars as well as loss of or damage to any car while on any private siding or track or on any private or industrial railroad or in the custody of any carrier not subject to the Association of American Railroads Rules for Interchange or the National Transportation Agency regulations.

17. Sublease and Assignment. Lessee shall make no transfer or assignment of its interest under this Agreement in and to the cars without Lessor's prior written consent, and any attempted transfer or assignment without such consent shall be void, except that Lessee may sublease any of the cars to its customers for single trips consistent with its normal merchandising methods; provided, however, that notwithstanding any such sublease, Lessee shall continue to remain liable to Lessor under all conditions and terms of this Agreement. No right, title, or interest in any of the cars shall vest in Lessee by reason of this Agreement or by reason of the delivery to or use by Lessee of the cars, except the right to use the cars in accordance with the terms of this Agreement. Lessee shall keep the cars free of any lien or encumbrance created by or through Lessee and agrees to indemnify Lessor and hold Lessor harmless from any cost or expense, including attorneys' fees, with respect to such a lien or encumbrance.

18. Default. If Lessee defaults in the payment of any sum of money to be paid under this Agreement and such default continues for a period of three (3) days after notice to Lessee of such default; or if Lessee fails to perform any covenant or condition required to be performed by Lessee which failure shall not be remedied within ten (10) days after notice thereof from Lessor to Lessee; or if Lessee shall dissolve, make or commit any act of bankruptcy, or if any proceeding under any bankruptcy, or insolvency statute or any laws relating to relief of debtors is commenced by Lessee, or if any such proceeding is commenced against Lessee and same shall not have been removed within thirty (30) days of the date of the filing thereof; or if a receiver, trustee, or liquidator is appointed for Lessee or for all or a substantial part of Lessee's assets with Lessee's consent, or if without Lessee's consent the same shall not have been removed within thirty (30) days of the date of the appointment thereof; or if an order, judgment or decree be entered by a court of competent jurisdiction and continue unpaid and in effect for any period of thirty (30) consecutive days without a stay of execution; or if a writ of attachment or execution is levied on any car and is not discharged within ten (10) days thereafter, Lessor may exercise one or more of the following remedies with respect to the cars:

- (a) Immediately terminate this Agreement and Lessee's rights hereunder;
- (b) Require Lessee to return the cars to Lessor at Lessee's expense, and if Lessee fails to so comply, Lessor may take possession of such car without demand or notice and without court order or legal process;
- (c) Lease the cars to such persons, at such rental and for such period of time as Lessor shall elect. Lessor shall apply the proceeds from such leasing, less all cost and expenses incurred in the recovery, repair, storage, and renting of such cars, toward the payment of Lessee's obligations hereunder. Lessee shall remain liable for any deficiency, which, at Lessor's option, shall be paid monthly, as suffered, or immediately, or at the end of the term as damages for Lessee's default;
- (d) Bring legal action to recover all rent for the balance of the lease term or other amounts then accrued or thereafter accruing from Lessee to Lessor under any provision hereof; or
- (e) Pursue any other remedy which Lessor may have.

Each remedy is cumulative and may be enforced separately or concurrently. If Lessee fails to perform any of its obligations hereunder, Lessor, at Lessee's expense, and without waiving any rights it may have against Lessee for such nonperformance, may itself render such performance. Further, Lessee shall reimburse Lessor for all costs and expenses including reasonable attorneys' fees expended by Lessor in the enforcement of its rights and remedies hereunder, and Lessee shall pay interest on any amount owing to Lessor from the time such amount becomes due hereunder at a monthly rate of one and one-half percent (1-1/2%); such rate to be reduced, however, to the extent it exceeds the maximum rate permitted by applicable law. In

addition, Lessee shall, without expense to Lessor, assist Lessor in repossessing the cars and shall, for a reasonable time if required, furnish suitable trackage space for the storage of the cars.

If applicable, Lessor shall be entitled to the remedies of a Lessor/Owner under all applicable bankruptcy laws.

19. Return Provisions.

(a) Upon the termination of each rider, Lessee agrees, subject to the provision of paragraph 8 above, to return the cars to Lessor at a point or points designated by Lessor, in the same or in as good a condition as received, ordinary wear and tear excepted, free and clear from all accumulations or deposits from commodities transported in or on the cars while in the service of Lessee. If any car is not returned to Lessor free from such accumulations or deposits, Lessee shall reimburse Lessor for any expense incurred in cleaning such car.

(b) In the event of any car or tank fittings or appurtenances, including interior lining for cars so equipped, shall become damaged, suffers corrosion, or other damage related to or connected with the commodity, along with other material placed or allowed to accumulate in or on the car and to how the car is exposed, Lessee shall be liable for such damage, regardless of how it is caused, and whether or not it is due to Lessee's negligence. Such damage shall not be considered "ordinary wear and tear."

20. Taxes. All federal, state, provincial, and local taxes levied or assessed against the cars furnished Lessee under this Agreement, payable on account of the ownership of such cars, shall be paid by Lessor, and all returns and reports in connection therewith shall be made by Lessor. All taxes payable on account of or measured by the rental paid or the use of such cars (excluding any tax which is based solely upon or measured solely by Lessor's net income) shall be the responsibility of Lessee. In the event any taxes or assessments, other than those payable on account of ownership, are levied against the cars or the rental paid for the use of the cars covered by any rider to this Agreement by any federal, state, provincial or local authority, in addition to those taxes or assessments in effect on the effective date of such rider, Lessee agrees to pay to Lessor, in addition to any other amounts due, a sum equal to the amount of any such taxes or assessments.

21. Mortgages; Liens. It is understood that some or all of the cars furnished Lessee under this Agreement and Lessor's rights under this Agreement may at the time of delivery to Lessee or at some future time during the term of this Agreement be subject to the terms of any lien or encumbrance (a "Lien") including a Mortgage, Deed of Trust, Equipment Trust, Pledge, or Bill of Sale or similar security arrangement. Lessee agrees that any or all of the cars may be stenciled or marked to set forth the ownership of any such cars in the name of the holder of any Lien (the "Lien holder") including a mortgagee, trustee, pledgee, assignee or security holder and that this Agreement and Lessee's rights hereunder are and shall at all times be subject and subordinate to any and all rights of any Lien holder. Lessee agrees that upon the written request of Lessor or any Lien holder at any time or from time to time, Lessee will enter into a written agreement with any Lien holder(s): (i) that the Lien(s) will have priority and be entitled to all rights therein as though the Lien were made before this Agreement and on the making of this Agreement Lessee had

knowledge of the Lien; (ii) confirming the security created by the Lien and rights given to the Lien holder(s); and (iii) postponing and deferring this Agreement and its rights hereunder and to the cars and agreeing that they will be subject and subordinate to the Lien(s) and the rights of the Lien holder.

This Agreement and/or any of Lessor's rights hereunder, including rentals, may have been assigned and may in the future be assigned to any Lien holder(s) or others. Lessee hereby consents to and accepts any such Assignment. Lessee acknowledges notice of any such Assignment and of any Lien which is filed under Section 11303 of the Interstate Commerce Act of the United States of America. However, Lessee is to pay all rentals hereunder to Lessor and have all its dealings hereunder with Lessor until notified to the contrary by any person proving to Lessee's reasonable satisfaction that he is the assignee of this Agreement and/or the relevant rights of Lessor hereunder and is entitled to intervene. Lessee represents that it has received no notice of any other mortgage, charge, hypothecation or encumbrance on or of any assignment, sale or disposition of any car covered hereby or of any of Lessor's rights hereunder. Lessee agrees that no claim or defense which Lessee may have against Lessor shall be asserted or enforced against any assignee of this Agreement and/or any rights of Lessor hereunder.

22. Notices. Any notice, demand or request required or permitted to be made, given or served by either party to or upon the other hereunder, shall be in writing and shall be deemed to have been made when deposited in the United States or Canada mail, certified or registered mail, postage prepaid and addressed to Lessor or Lessee at the address set forth in a rider to this Agreement.

23. Successors. This Agreement shall be binding upon the parties hereto, their respective successors, assigns and legal representatives, and shall remain in full force and effect from the date hereof until the completion of the leasing arrangement shown on attached riders of the last car or cars hereunder, and all such cars are returned to Lessor.

24. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta.

25. Insurance. Lessee shall, at all times prior to return of the cars to Lessor in accordance with the terms of this Agreement and during any storage period at its own expense, cause to be carried and maintained public liability and property damage insurance in respect of the cars against the risks and in the amounts, if any, customarily insured against by Lessee in respect to similar equipment owned or leased by it, as further described in Clause 9.

26. Additional Provisions. Additional provisions of this Agreement may be set forth in a rider, which, if executed by Lessor and Lessee, is incorporated herein by this reference.



27. Representations and Warranties of Lessee. Lessee represents and warrants that, as of the date of this Agreement:

Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is either duly qualified to do business and is in good standing in such other jurisdictions in which the business and activities of Lessee require such qualification, or its failure to so qualify in such other jurisdiction will not have a material adverse impact on this Agreement.

(a) Lessee has full corporate power to enter into this Agreement.

(b) The Agreement had been duly authorized, executed, and delivered by Lessee, and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms.

(c) No approval is required by Lessee from any governmental or public body or authority with respect to the entering into or performance of this Agreement.

(d) The entering into and performance of this Agreement will not conflict with, or result in a breach of, the terms, conditions, or provisions of (i) any law, or any regulation, order, injunction, permit, franchise, or decree of any court or governmental instrumentality, and (ii) any indenture, agreement, or other instrument to which Lessee is party or by which it or any of its property is bound.

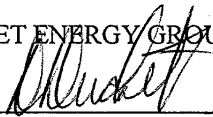
28. Modifications. In the event the U.S. Department of Transportation, or the National Transportation Agency or any other governmental agency or non-governmental organization having jurisdiction over the operation, safety or use of railroad equipment, requires that Lessor add, modify, or in any manner adjust the cars subject to this Agreement in order to qualify them for operation in railroad interchange, unless otherwise specified in any specific Rider attached hereto, Lessee agrees to pay an additional monthly charge of \$1.75 per car for each \$100 expended by Lessor on such car, or such other monthly charge in lieu thereof, as may be provided for modifications, in any rider hereto, in any case, effective as of the date the car is released from the shop after application of such additions, modifications or, adjustments (hereinafter the "Modifications"). No rental credits will be issued on cars entering the shop for any Modifications for the first thirty (30) days. In the event Lessor, in its sole discretion, determines, prior to making any Modifications, that the cost thereof is not economical to expend in view of the estimated remaining useful life of such car, and Lessor elects to permanently remove such car from Lessee's service rather than have such car taken to a car shop for such Modifications, the rental with respect to such car shall terminate upon the date specified in writing by Lessor, provided that such date must be prior to the date the Modifications are so required to be made.

29. Captions. Captions to any provision of this Agreement are for ease of reference only and are not to be construed to be part of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement (such execution may be by two or more counterparts, each of which shall be deemed an original) the day and year first above written.

LESSEE:

CANPET ENERGY GROUP INC.

By: 

Title: President & CEO

LESSOR:

PIVOTAL ENTERPRISES CORPORATION

By: 

Title: President

FRM-056B

PRESSURE CARS				
<u>CAR NUMBER</u>	<u>TANK TEST DUE</u>	<u>S/V TEST DUE</u>	<u>PAINT DATE</u>	<u>REPAIR SHOP</u>
PLMX 32800	2007	2003	Aug-96	FITZGERALD
32801	2007	2003	Nov-97	FITZ
32802	2008	2003	Nov-97	FITZ
32803	2007	2003	Nov-97	FITZ
32804	2007	2003	Aug-93	SAFETY RAIL
32805	2007	2003	Oct-97	FITZ
32806	2007	2003	Sep-97	SRS
32807	2007	2003	Sep-97	SRS
32808	2007	2003	Dec-97	FITZ
32809	2008	2003	May-96	FITZ
32810	2007	2003	Jan-98	FITZ
32811	2007	2003	Nov-97	FITZ
32812	2007	2003	Nov-97	FITZ
32813	2007	2003	Sep-97	FITZ
32814	2007	2003	Aug-95	FITZ
32815	2008	2003	Dec-97	FITZ
32816	2007	2003	Oct-97	SRS
32817	2007	2003	Nov-97	FITZ
32818	2008	2003	Aug-95	FITZ
32819	2008	2003	Sep-97	SRS
32820	2008	2003	Nov-97	FITZ
32821	2008	2003	Sep-97	FITZ
32822	2007	2003	Aug-95	FITZ
32823	2007	2003	Sep-97	SRS
32824	2007	2003	Sep-96	FITZ
32825	2007	2003	Sep-97	FITZ
32826	2007	2003	Aug-94	SRS
32828	2008	2003	Dec-97	FITZ
32829	2007	2003	Aug-95	FITZ
32900	2007	2003	Dec-97	FITZ
32901	2007	2002	Dec-97	FITZ
32902	2007	2003	Nov-97	FITZ
32903	2007	2002	Dec-97	FITZ
32904	2007	2003	Sep-96	FITZ
32905	2007	2003	Nov-97	SRS
32906	2007	2003	Oct-95	FITZ
32907	2007	2003	Feb-97	SRS
32908	2007	2003	Aug-95	SRS
32909	2007	2002	Dec-97	FITZ
32910	2007	2002	Oct-97	FITZ
32911	2007	2002	Oct-97	SRS
32912	2007	2003	Oct-97	SRS
32913	2007	2002	Oct-97	SRS
32914	2007	2002	Aug-97	FITZ
32915	2008	2003	Aug-95	FITZ

SCHEDULE A  
Page 2 of 2

<u>CAR NUMBER</u>	<u>TANK TEST DUE</u>	<u>S/V TEST DUE</u>	<u>PAINT DATE</u>	<u>REPAIR SHOP</u>
32916	2007	2003	Sep-96	FITZ
32918	2007	2002	Jul-97	FITZ
32919	2007	2003	Aug-96	FITZ
32920	2008	2003	Jun-94	FITZ
32921	2008	2003	Aug-95	FITZ
32922	2008	2002	Oct-97	SRS
32924	2007	2003	Feb-93	FITZ
32925	2007	2003	Nov-97	FITZ
32926	2007	2003	Jul-94	FITZ
32927	2007	2002	Sep-97	FITZ
32928	2007	2003	May-85	FITZ
32929	2007	2002	Sep-95	FITZ

- Total : 57 cars.
- A full ten (10) year term.
- Rental of \$1,000.50 per month per car, payable in advance commencing June 1, 1998 to May 31, 2008.
- Address of Lessor: Pivotal Enterprises Corporation  
#1610, 736 - 6 Avenue S.W.  
Calgary, Alberta T2P 3T7
- Address of Lessee: Canpet Energy Group Inc.  
#2600, 350 - 7 Avenue S.W.  
Calgary, Alberta T2P 3N9

M.S.  
Initial of Lessor

[Signature]  
Initial of Lessee

JUN-16-2003  
03/07/02

16:51  
11:32

SPIER HARBEN  
403 264 9600

403 264 9600 P.29

**CANPET Energy Group Inc.**

June 6, 2001

First Treasury Financial Inc.  
408 - 20th Avenue N.E.  
Calgary, Alberta  
T2E 1R4

Pivotal Enterprises Corporation  
1610, 736 - 6th Avenue S.W.  
Calgary, Alberta  
T2P 3T7

Dear Sirs:

Re: Disposition from CANPET Energy Group Inc. ("CANPET" or "Assignor") to  
Plains Marketing Canada, L.P. ("Plains" or "Assignee")

CANPET and Plains hereby notify you that CANPET intends to dispose of substantially all of its property, assets and undertaking to Plains pursuant to an Asset Purchase Agreement dated April 9, 2001. The closing of the disposition ("Closing") is scheduled for a date in June, 2001. The date on which Closing occurs is herein referred to as the "Closing Date".

The records of CANPET indicate that Pivotal Enterprises Corporation ("Pivotal") is a party with CANPET to the Agreements listed on Schedule "A" and that the Agreements have been assigned as collateral security by Pivotal to First Treasury Financial Inc. ("First Treasury"). CANPET and Plains hereby request your written consent to the assignment by CANPET and assumption by Plains of all rights and obligations of CANPET in the Agreements listed on Schedule "A" and in any other agreements in respect of which Pivotal is a party with CANPET (collectively, the "Agreements"). It is intended that upon having been fully signed, this letter will be delivered at Closing, whereupon it will constitute a binding agreement. This document will be of no force and effect unless Closing occurs.

CANPET hereby assigns to Plains all of its interest in the Agreements and Plains hereby accepts the assignment, and agrees to assume as of the Closing Date and thereafter be bound by and perform all of the covenants, agreements, terms, conditions, obligations, liabilities and stipulations of the Assignor in the Agreements to the same extent and with the same force and effect as if Plains had been named as a party thereto as of the Closing Date in the place and stead of the Assignor.

2600, First Canadian Centre, 350 - 7th Avenue S.W., Calgary, Alberta, Canada T2P 3N9  
Telephone (403) 298-2100 Fax (403) 233-0399

JUN-12-2003 16:13 SPIER HARBEN 403 264 9600 P.04/07  
FROM: LANTRIN INVESTMENTS FAX NO.: 403 2418616 JUN. 12 2003 04:14PM P4

**CANPET**

First Treasury Financial Inc.  
Pivotal Enterprises Corporation  
June 6, 2001

Page 2

Plains acknowledges that as continuing collateral security for the indebtedness of Pivotal to First Treasury, Pivotal assigned to First Treasury, effective June 10, 1998, all of the right, title and interest of Pivotal in and to the Agreements, the underlying equipment and, without limiting the generality of the foregoing, all rental payments and other amounts exigible under the Agreements and Plains covenants and agrees to be bound by such assignment and agrees as of the Closing Date to make all payments under the Agreements in accordance therewith to Pivotal, as agent of First Treasury, until notified otherwise by First Treasury.

Plains agrees to provide to Pivotal annual <sup>unaudited</sup> ~~audited~~ consolidated financial statements within ninety (90) days after the fiscal year end and unaudited, cumulative quarterly financial statements within forty-five (45) days of the end of each fiscal quarter. This is to enable Pivotal to comply with its reporting requirements under the terms of a Loan Agreement dated as of June 10, 1998 between Pivotal and First Treasury.

Plains and CANPET agree to do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered all such further acts, deeds, instruments and assurances as Pivotal and First Treasury or either of them shall reasonably request for the purpose of filing or registering such amending documents as are required to maintain the validity and perfection of any mortgage, charge or security interest registered by Pivotal and First Treasury or either of them.

Plains and CANPET agree to pay or reimburse Pivotal and First Treasury for all costs, charges and expenses (including legal fees and disbursements) incurred by Pivotal and First Treasury or either of them in connection with the review of the Agreements and all other agreements, documents and registrations entered into or associated with the Sale/Leaseback Transaction effective June 1, 1998 between CANPET and Pivotal and the funding provided by First Treasury, the determination of what actions should be taken to preserve and protect the validity and perfection of their security interests and the implementation of such actions, including without limitation, the amendments contemplated in the preceding paragraph.

By the execution hereof, Pivotal and First Treasury hereby:

- (a) consent to the within assignment and as and from the Closing Date, accept the Assignee as a party to the Agreements, and covenant and agree that as of the Closing Date the Assignee shall be entitled to hold and enforce all privileges, rights and benefits of the Assignor under the Agreements as if the Assignee had been originally named as a party to the Agreements, and that from and after the Closing Date the Agreements shall continue in full force and effect with the Assignee substituted as a party thereto in the place and stead of the Assignor; and

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403 262 4281

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**CANPET**

First Treasury Financial Inc.  
Pivotal Enterprises Corporation  
June 6, 2001

Page 3

- (b) as of and from the Closing Date, expressly release, relieve and discharge the Assignor from all of its duties, obligations and liabilities arising out of or accruing under the Agreements.

If the foregoing is agreed to by you, kindly sign the duplicate copy of this letter where indicated below and return it to the attention of the undersigned.

Should you have any questions concerning this matter, please contact Webster Mundy at (403) 298-2157.

Yours very truly,  
CANPET ENERGY GROUP INC.

Per: 

PLAINS MARKETING CANADA, L.P.

Per: 

PIVOTAL ENTERPRISES CORPORATION hereby agrees to the above this 6  
day of June, 2001.

Name:   
Title:

FIRST TREASURY FINANCIAL INC. hereby agrees to the above this 6  
day of June, 2001.

Name:   
Title: President

JUN. 12 2003 04:16PM PS  
403 264 9600 P.06/07

FRX NO.: 403 2418616

SPIER HARBEN

FROM: LANTERN INVESTMENTS

JUN-12-2003 16:13

JUN-16-2003 16:52

SPIER HARBEN

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**CANPET**

## SCHEDULE "A"

### AGREEMENTS

1. Railcar Purchase Agreement dated as of May 19, 1998 between CANPET Energy Group Inc. as seller and Pivotal Enterprises Corporation as purchaser.
2. Master Railcar Leasing Agreement dated May 25, 1998 (effective June 1, 1998) between Pivotal Enterprises Corporation as lessor and CANPET Energy Group Inc. as lessee.

JUN. 12 2003 04:16PM P7

FAX NO. : 403 2418616

FROM : LANTERN INVESTMENTS

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JUN-12-2003 16:13

TOTAL P.32



**CERTIFICATION**

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: \_\_\_\_\_

8/18/03



\_\_\_\_\_  
Robert W. Alvord